Research: What’s Your Ratio?

The 2019 CMAA Finance and Operations Report, released in August 2019, presents a detailed report of key financial and operating data from the club management industry. Based on confidential surveys completed by 382 clubs in early 2019, the report includes a compilation and analysis of club finance and operations data.

The report includes data on the solvency ratio (Assets divided by Liabilities) and the debt to equity ratio (Liabilities divided by member equity or net worth). Both ratios are good indicators of how much a club is financed by debt vs. member equity or net worth. All responding clubs reported a median solvency ratio of 3.2 and a median debt to equity ratio of 0.5. Both of these are indicative of relatively strong financial positions for responding clubs. A debt to equity ratio of 1.0 would indicate that members/investors have an equal stake in the club’s assets as outside creditors/lenders. A low debt to equity ratio typically implies a very stable organization.

Club Trends: Health & Wellness Across the Club

What’s popular in the realm of fitness and exercise seems to be constantly evolving and it’s important for clubs to recognize how to stay abreast of those changes and what to do to implement them as club offerings. The American Council on Exercise (ACE) has put together an insightful list on emerging fitness trends – many of which can be implemented in a club setting:

- **Group fitness** – a perennial favorite for its group accountability and community feel – is shifting away from the simple “follow the leader” style of teaching. With the rising popularity of classes like Orange Theory, instructors are becoming coaches, giving participants physical and verbal cues to improve movement and lead the workout.

- Similarly, instructors for group classes are moving away from choreographed workouts to pre-formatted workouts. This allows classes to have a structure but gives the instructor more freedom to personalize the training within the class to the individuals who participate.

- While technology has carved out a space in the fitness industry with the increased popularity of personal trackers like the Apple Watch and FitBit, ACE believes consumers will begin to step back from technology in favor of disconnecting. Enthusiasts are moving toward recovery tools like float tanks and meditation practices to enhance the mind-body connection.

- Continuing to enjoy its popularity, high-intensity interval training (HIIT) will see an evolution, particularly with how the training methodology is applied. Research supports that shorter HIIT workouts are just as effective – which could lead to a wider variety of short, high intensity group classes.

- Functional training is experiencing a period of growth (due to the popularity of obstacle course racing and workout programs like CrossFit) and features a variety of non-traditional exercises that use a variety of different equipment. ACE believes that both group and individual workout programs will continue to feature functional fitness methods as trainers see the movements being beneficial to athletes of all ages.

- More trainers will begin to use unilateral training loads in their instruction. Unilateral training requires individuals to complete exercises that mimic certain daily activities that require using one arm or one leg. Ultimately, this practice allows participants to engage all the muscles involved in the movement to become stronger, focused, and more engaged.

- **Variety** is the spice of life. Workouts that combine multiple fitness methodologies and modalities will continue to be popular. Fusion workouts like Yogalates (yoga and pilates), SpinFit, boxing and cycling, or yoga and strength training provide varied experiences and keep individuals out of the fitness rut.

- The type of exercise equipment people use (and want access to) will continue to change. The popularity of HIIT and functional fitness have made barbells, kettlebells, free weights, heavy medicine balls, bands, and even foam rollers desired pieces of equipment to see in the gym. ACE also suggests that a shift back toward strength training machines will be initiated as more baby boomers and older adults find themselves in the gym, but can be intimidated by barbells and free weights. A variety of equipment options will be necessary to appeal to multiple generations.

Best Practices: Five Ways to Make Your Board Meetings More Effective

Servant leadership in private clubs is a demanding and thankless job. Overly long board meetings that lack structure, purpose, and discipline make board members’ service all the more vexing.

There’s no magic potion or formula that guarantees an engaging and productive club board meeting. The board is responsible for governing and, when done right, governing is work. Though board meetings can rarely be described as fun, there are ways to make them efficient and even (in relative terms) short.

Here are five ways to make board meetings better.

Set and protect Board-level agenda. Develop an agenda that contains genuine board-level issues. Focus the board on its primary duties of leadership, governance, strategy, and finance (the club’s balance sheet). Empower the manager to manage. Far too many agenda items are operational in nature and deal with decisions more appropriately made by the General Manager and his or her staff, (items on the income statement). Omit agenda items that simply convey general information and are not related to a board decision.

Use a consent agenda. A consent agenda is a way to efficiently handle those recurring board items and reports that don’t require discussion, such as minutes from the last board meeting, the Treasurer’s report, committee reports, and other reports that are informative in nature. List such items on the consent agenda and send it to board members several days ahead of the board meeting. At the beginning of the meeting the Chair asks if there is anything on the consent agenda that anyone on the board wants to discuss. If so, the item is taken off the consent agenda and put on the agenda for discussion later in the meeting. Otherwise, all items on the consent agenda are passed without a motion or a vote. The Chair then moves to the next agenda item.

Establish general, plain-language rules for meeting conduct. A large percentage of club bylaws require the use of Robert’s Rules of Order to manage member board meetings. Why? Not because they’re simple. They’re not. It’s because they’re the most recognized standard for meeting conduct and therefore the default insert for bylaw writers. Robert’s Rules were developed 140 years ago as “parliamentary procedures for deliberative assemblies.” But, in spite of attempts to make Robert’s Rules simple and manageable, they remain, at least for club boards, arcane and cumbersome. Rather than saddle the Chair with the requirement to learn and apply Robert’s Rules, adopt a board policy that direct meetings in a manner that provides orderly and civil discourse.

Insist on efficient board meetings by documenting policies. Principles and best practices need to become written policies in order to endure the annual or biennial change in board members and President. Get it in writing, respect the policies over time, and keep your meetings efficient.

Execute a board self-evaluation after each meeting. Ask each board member to evaluate the board’s effectiveness on such matters as (a) accomplishing all of the board’s business; (b) working together in a timely and mutually supportive manner; (c) respecting differing viewpoints and fully discussing them; and (d) enabling all members to participate – versus one or two people dominating the meeting.

Source: Adapted from Your Board Meetings Need Not Be Bored Meetings. Access the complete article and a sample board meeting self-evaluation at https://www.cmaa.org/blogpost.aspx?id=46174&blogid=256349.
Legal, Legislative, & Regulatory

Too Much Non-Member Income Jeopardizes Exempt Status

Clubs across the country have received letters from the Internal Revenue Service encouraging them to monitor their gross receipts from non-member sources and to maintain books and records demonstrating continued qualifications for exemption. Among the IRS’s compliance strategies for FY2019 is a focus on tax-exempt clubs and their investment income, non-member income, and non-filing of Form 990-T, Exempt Organizations Business Tax Return.

Private tax-exempt 501(c)(7) clubs generally are exempt from federal income tax except to the extent that they have unrelated business taxable income (UBTI)—e.g., investment income and use of the club by nonmembers. Therefore, it is necessary for clubs to diligently track and report their nonmember income.


Increasing the Minimum Wage

July 1 was a big day as the minimum wage increased in 22 different states and jurisdictions across the country. Eight of the 22 increases met or exceeded $14 per hour. San Francisco and Berkeley, CA, have increased to $15.59, the highest minimum wage in the country. Washington, DC increased to $14, and the state of New Jersey increased incrementally to $10, ultimately increasing to $15 by 2024.

The House of Representatives passed HR 582, the Raise the Wage Act (HR 582) on July 18. The measure would set the minimum wage at $15 within six years of passage and create an automatic update annually based on the median hourly wage of all employees as determined by the Bureau of Labor Statistics. Further, it would ultimately eliminate the existing $2.13 minimum wage for tipped employees by increasing that wage annually by $1.50 until it meets the standard federal minimum wage.

The Senate version of the bill, S. 150, has not been considered since its introduction and assignment to the Committee on Health, Education, Labor, and Pension. The federal minimum wage was last increased in 2009.

CMAA News and Resources

Club Careers: Your Resource for Future Club Leaders

Are you looking for your club’s next leader? List your position with CMAA’s Club Careers and advertise directly to CMAA members who are seeking new opportunities. The Managerial Openings List (MOL) is an online listing of clubs seeking executive management personnel. All postings on this list have salary ranges at $75,000 (minimum) or above. Additional resources are available including sample job descriptions and the Interim Management List, an online listing of CMAA members who are available to fulfill various interim management positions. Since the inception of ClubCareers in 2003, the site has posted thousands of jobs. For more information, visit https://www.cmaa.org/careers/.

Save the Date: CMAA 2020 World Conference & Club Business Expo

Focus Forward at the 2020 CMAA World Conference & Club Business Expo, February 8-12, 2020, at the Gaylord Texan Resort & Convention Center in Grapevine, TX. This is the largest network gathering of club industry professionals, which is held in major cities throughout the United States each year. Attendees engage in a variety of educational and networking opportunities, including more than 70 education programs tailored to the 10 core competencies needed for success in the club industry, a two-day exposition - the Club Business Expo, featuring innovative products and services, and the annual Idea Fair featuring hundreds of club-tested ideas. Registration opens in mid-October. For more information, visit www.cmaa.org/conference.